

Message Text

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15

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 L-03 H-03 PA-04 PRS-01 USIE-00 SSO-00

INRE-00 NSCE-00 SAM-01 SAJ-01 DRC-01 /164 W

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O P 240918Z APR 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 3427

INFO AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

USMISSION EC BRUSSELS PRIORITY UNN

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY LUXEMBOURG PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

USMISSION OECD PARIS PRIORITY UNN

AMEMBASSY ROME PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L THE HAGUE 2042

PASS TREASURY AND FRB

E.O. 11652: GDS

TAGS: EFIN, EEC

SUBJECT: ZEIST MEETING OF EC FINANCE MINISTERS AND CENTRAL BANK
GOVERNORS

1. DUTCH TREASURER GENERAL OMRT HAS GIVEN US RUNDOWN ON CON-
CLUSIONS REACHED AT ZEIST MEETING APRIL 22-23.

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2. ACCORDING TO OORT (WHO WAS PRESENT) "INFORMAL CONSENSUS" EMERGED AMONG 9 THAT MEMBER CENTRAL BANKS SHOULD BE FREE TO BUY AND SELL GOLD AMONG THEMSELVES AT "MARKET RELATED" PRICE TO BE ARRIVED AT BY NEGOTIATION IN EACH CASE. IT WAS AGREED TO PROPOSE NO RPT NO CHANGE IN OFFICIAL GOLD PRICE.

3. IT WAS ALSO TENTATIVELY AGREED THAT CENTRAL BANKS COULD BUY OR SELL GOLD ON OPEN MARKET PROVIDED THERE IS NO NET ACQUISITION BY ANY ONE CENTRAL BANK OVER COURSE OF YEAR, I.E. NO NEW MONETIZATION OF GOLD. LATTER PROVISIO WAS INSERTED AT INSISTENCE OF BRITISH AND DUTCH.

4. BEFORE IMPLEMENTATION OF THESE DECISIONS DUTCH MINFIN DUIS-ENBERG AND CENTRAL BANK GOVERNOR ZIJLSTRA WILL VISIT WASHINGTON FOR CONSULTATIONS, ON BEHALF OF NINE, WITH TREASURY AND FRB. DUISENBERG TOLD PRESS AFTER MEETING THAT WHILE THERE CAN BE NO NEW EEC POLICY ON GOLD PRICING UNTIL USG REACTIONS ARE KNOWN, HE BELEIVES THAT "ECONOMIC LOGIC AND POLITICAL REALITY" WILL BRING US TO CONCUR. IF US REACTION IS FAVORABLE, PROPOSAL WILL BE SUBMITTED TO EC COUNCIL FOR APPROVAL AFTER WHICH IT WILL GOT TO G-20. OTHER NATIONS WOULD BE FREE TO ADHERE TO EC SYSTEM IF AND WHEN IMPLEMENTED.

5. OORT SAID EC MINISTERS RECOGNIZE THAT LEGALITY OF PROPOSAL UNDER IMF RULES IS OPEN TO QUESTION. THEY ARGUE, HOWEVER, THAT RULES WERE BASED ON GOLD PARITY SYSTEM WHICH NO LONGER PREVAILS. EC HAS OPEN MIND AS TO WHETHER RULES SHOULD BE CHANGED OR SIMPLY IGNORED.

6. OORT UNDERSTANDS THA DUISENBERG HAS BEEN ON PHONE TO UNDER SECRETARY SIMON ABOUT TIMING OF WASHINGTON VISIT BUT HE WAS UNAWARE OF WHAT HAD BEEN DECIDED AS OF THIS MORNING. WE HAVE OFFERED OUR ASSISTANCE IF NEEDED.
GOULD

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